



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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March 13, 2003

HAND DELIVERED

Kay Christofferson
H.E. Davis Construction, Inc.
525 West Arrowhead Trail
Spanish Fork, Utah 84639

Re: Suspension of Tentative Approval to Commence Large Mining Operations, H.E. Davis Construction, Inc., Levan-Steele Gypsum Mine, M/023/016, Juab County, Utah

Dear Mr. Christofferson:

On October 15, 2002, the Division received a Notice of Intention to Commence Large Mining Operations (LMO) from H. E. Davis Construction, Inc. After completing our review of the large mine permit application, the Division published a tentative approval notice of the Levan Gypsum permit application on December 13, 2002. This started a 30-day public comment period. The public comment period expired on January 13, 2003. As you know, the Division received more than 20 letters from Levan residents expressing their objections and concerns with the mining proposal in response to this tentative approval notification.

Because a number of technical deficiencies were identified as part of the public review process, the Division has temporarily suspended the approval process. Accordingly, we must ***suspend our tentative approval decision***, until H.E. Davis provides the necessary information to address the remaining technical deficiencies. The Division has been working closely with H.E. Davis and pertinent representatives from Levan Town, Juab County and other state agencies (Division Wildlife Resources) to find acceptable solutions to the public concerns. H.E. Davis is proceeding to acquire and assemble the required technical information to enable us to complete our technical review and ultimately approve of the mining proposal.

On February 18, 2003, as a result of access/haul road safety concerns raised by the Division and locals, you forwarded a letter committing to cease all haulage of materials out of the Chicken Creek Mine until the safety issues are resolved. During a meeting on February 13, 2003 in the Division offices, we gave you a draft document outlining the main issues and concerns raised by the public regarding the Levan-Steele Gypsum large mine proposal. We also discussed several technical issues that would need to be addressed and made part of your large mine plan before we could issue final approval of the plan.

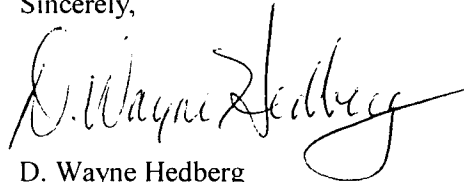
On March 3, 2003, we received a copy of your letter addressing the four basic issues raised by the public comments. However, the technical concerns were not specifically addressed such that they could be

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made part of the permit application. Therefore, the Division has prepared a detailed list of the remaining technical concerns that will need to be addressed to update and complete your large mine permit application (see attached list).

We request your response to these remaining permitting issues by April 14, 2003 to give us time to review and determine the adequacy of the information before you need to resume operations at this site. Thank you for your continued cooperation and patience as we complete this application process. If you have any questions regarding this letter, please contact me at (801) 538-5291 or Tom Munson at 538-5321.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Wayne Hedberg". The signature is fluid and cursive, with a large, sweeping "H" and "B".

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb

Attachments: Remaining permitting concerns
Neighboring Sites Policy

cc: Robert Shepard, Mayor of Levan
Brian McClelland, USFS

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Levan-Steele Gypsum Mine Project

M/023/016

Remaining Permitting Concerns

The Application does not adequately address the following permitting issues. An explanation of what these issues are and how they may be adequately addressed follows:

R647-4-102. Operational Practices

1. Public Safety and Welfare.

The Division has received numerous comments and safety concerns raised by the local community regarding the dangerous conditions being created by the truck hauling activities on the narrow, single lane canyon road connecting the two mines and the main county road leading through the town of Levan.

The trucking of gypsum from the Levan -Steele Mine and the upper Chicken Creek Mine has come under scrutiny because of safety issues (the county road is a one lane road). Concerns were also raised regarding the potential impacts to the high pressure culinary water pipelines buried in the road from the large haul trucks traveling between the two sites. The operator has agreed to work with the County to develop a plan to upgrade and improve the existing canyon road, or to move the truck traffic to the north side of the canyon and upgrade the old Plaster Mill access road (per contractual agreements with the land owners). All information regarding plans for road upgrades in Chicken Creek Canyon must be submitted to the Division and included as part of the LMO permit application.

Rule 647-4-105. Maps, Drawings and Photographs

Identify all water sources that could be potentially impacted by mining related activities (springs, stream, and the pipelines).

Based on onsite inspections and conversations with the local mayor of Levan, several culinary springs, irrigation controls, and pipelines were identified within close proximity to the mine. These resources need to be shown on a map of an appropriate scale to show proximity to the mine and the permit area.

R647-1-106. Definitions.

The definition for “on-site” states: *a series of related properties under the control of a single operator, but separated by small parcels of land controlled by others will be considered a single site.* The Division developed a “Policy for Related or Neighboring Sites” (copy attached) that further clarifies the intent of this definition.

Under this policy, the Chicken Creek Mine falls within a two-mile radius of the Levan Gypsum Mine. Therefore, both sites should be permitted under one large mine application and appropriately bonded under the Division's large mine rules.

Rule 647-4-106. Operation Plan.

The operator must amend the Levan-Steele large mine permit application to include the present and proposed mining activities planned for the existing Chicken Creek Mine. The amendment should address in detail all other pertinent large mining operation rules for this mine site.

R647-2-107. Operation Practices

3. Erosion Control Measures.

Sediment and erosion control is not adequately addressed in the current mine plan or on the ground. The operation is required to have adequate sediment control for all mining-related disturbances. Based upon recent onsite inspections, it was apparent that sediment was leaving the site untreated and entering Chicken Creek from the lower portions of the access roads leading into the mine site. The operator must provide plans for adequate sediment controls to address this problem immediately. The operation also needs to address sediment control measures related to the county road, since the grading activities on this road can potentially contribute a significant source of sediment to the creek related to the mining operation.

R647-4-109 Impact Assessment

1. Projected impacts to surface and groundwater systems.

Baseline information on the quantity and quality of the water associated with these springs should be included as part of the application (any historical, seasonal flow and water quality information would be useful).

An assessment of the projected impacts to the surface and groundwater resources is also required. The operator should state how these resources will or will not be impacted by the mining operation, and what measures will be implemented to mitigate any potential impacts. Erosion and sediment control measures must be addressed if mining related impacts are anticipated that may affect the surface water resources (i.e., Chicken Creek). It is also important that the assessment include the potential blasting impacts to these resources. The typical blasting protocol and any proposed monitoring or mitigation provisions should also be outlined so that no adverse impacts will be realized to the water resources.